



## **FEDERAL RESERVE SYSTEM**

### **12 CFR Part 272**

#### **Federal Open Market Committee; Rules of Procedure**

**AGENCY:** Federal Open Market Committee, Federal Reserve System.

**ACTION:** Final rule.

**SUMMARY:** The Federal Open Market Committee is amending its Rules of Procedure to require that at least one of the seven members constituting a quorum of the Committee represent a Federal Reserve Bank.

**EFFECTIVE DATE:** [Insert Date of Publication in the Federal Register]

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**SUPPLEMENTARY INFORMATION:** The Federal Open Market Committee (Committee) is composed of the members of the Board of Governors of the Federal Reserve System (Board) and five representatives of the Federal Reserve Banks elected in the manner provided in the Federal Reserve Act.<sup>1</sup> Because the Board has an authorized membership of seven Governors, the Committee has a maximum authorized membership

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<sup>1</sup>See 12 U.S.C. 263(a). Pursuant to the Act, the Federal Reserve Banks also elect an alternate for each primary Federal Reserve Bank representative on the Committee. Each alternate is authorized to serve on the Committee in the absence of the relevant primary representative. Each primary and alternate Federal Reserve Bank representative on the Committee must be a President or First Vice President of a Federal Reserve Bank. *Id.*

of twelve members (seven Board members and five Federal Reserve Bank representatives).

While the Act does not define a quorum of the Committee, the Committee's rule, 12 CFR 272.3(c), defines a quorum of the Committee for purposes of transacting business as seven of the members of the Committee unless fewer than seven members are in office in which case the number of members then in office constitutes a quorum. The rule does not address the composition of the seven-member quorum. Thus, under the current rule, it is possible that the seven-member quorum may not include a member that represents a Federal Reserve Bank. Under the Committee's amended rule, at least one of the seven members constituting the seven-member quorum of the Committee must represent a Federal Reserve Bank.

The Committee believes that the revised quorum rule ensures that, under the normal operating environment when at least seven members are in office, the Committee's representation includes both Board and Federal Reserve Banks members. This change aligns the rule with the practice of the Committee. The representation requirement does not apply outside the normal operating environment when there are fewer than seven members in office.

The amended rule relates solely to the internal procedure of the Committee. Accordingly, the public notice, public comment, and delayed effective date provisions of the Administrative Procedure Act do not apply to the amended rule. *See* 5 U.S.C. 553(b) and (d). Because public notice and comment is not required, the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, also does not apply to the amended rule.

## List of Subjects in 12 CFR Part 272

Administrative practice and procedure, Organizations and functions (Government agencies).

### Authority and Issuance

For the reasons set out in the preamble, the Federal Open Market Committee amends 12 CFR part 272 to read as follows:

### PART 272--RULES OF PROCEDURE

1. The authority citation for part 272 continues to read as follows:

**Authority:** 5 U.S.C. 552.

2. Section 272.3(c) is revised to read as follows:

#### § 272.3 Meetings.

\* \* \* \* \*

(c) *Quorum.* Seven members, at least one of whom represents a Federal Reserve Bank, constitute a quorum of the Committee for purposes of transacting business except that, if there are fewer than seven members in office, then the number of members in office constitute a quorum. For purposes of this paragraph (c), members of the Committee include alternates acting in the absence of members. Less than a quorum may adjourn a meeting of the Committee from time to time until a quorum is in attendance.

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By order of the Federal Open Market Committee, March 26, 2013.

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*William B. English,*  
Secretary, Federal Open Market Committee.

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